

SECOND REGULAR SESSION

HOUSE BILL NO. 1999

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE ZERR.

4684L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 196.1109, 196.1115, 348.250, 348.251, 348.256, 348.257, 348.261, 348.262, 348.263, 348.264, 348.265, 348.269, 348.271, 348.280, and 348.300, RSMo, and section 348.253 as repealed by senate substitute for senate committee substitute for senate bill no. 7, ninety-sixth general assembly, first extraordinary session of the first regular session, and to enact in lieu thereof fourteen new sections relating to science and innovation, with an emergency clause.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 196.1109, 196.1115, 348.250, 348.251, 348.256, 348.257, 348.261, 2 348.262, 348.263, 348.264, 348.265, 348.269, 348.271, 348.280, and 348.300, RSMo, and 3 section 348.253 as repealed by senate substitute for senate committee substitute for senate bill 4 no. 7, ninety-sixth general assembly, first extraordinary session of the first regular session, are 5 repealed and fourteen new sections enacted in lieu thereof, to be known as sections 196.1109, 6 196.1115, 348.250, 348.251, 348.256, 348.257, 348.261, 348.262, 348.263, 348.264, 348.265, 7 348.269, 348.271, and 348.300, to read as follows:

196.1109. All moneys that are appropriated by the general assembly from the life 2 sciences research trust fund shall be appropriated to the life sciences research board to increase 3 the capacity for quality of life sciences research at public and private not-for-profit institutions 4 in the state of Missouri and to thereby:

5 (1) Improve the quantity and quality of life sciences research at public and private 6 not-for-profit institutions, including but not limited to basic research (including the discovery 7 of new knowledge), translational research (including translating knowledge into a usable form), 8 and clinical research (including the literal application of a therapy or intervention to determine

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

9 its efficacy), including but not limited to health research in human development and aging,
10 cancer, endocrine, cardiovascular, neurological, pulmonary, and infectious disease, and plant
11 sciences, including but not limited to nutrition and food safety; and

12 (2) Enhance technology transfer and technology commercialization derived from
13 research at public and private not-for-profit institutions within the centers for excellence. For
14 purposes of sections 196.1100 to 196.1130, "technology transfer and technology
15 commercialization" includes stages of the regular business cycle occurring after research and
16 development of a life science technology, including but not limited to reduction to practice, proof
17 of concept, and achieving federal Food and Drug Administration, United States Department of
18 Agriculture, or other regulatory requirements in addition to the definition in section 348.251.
19 Funds received by the board may be used for purposes authorized in sections 196.1100 to
20 196.1130 and shall be subject to the restrictions of sections 196.1100 to 196.1130, including but
21 not limited to the costs of personnel, supplies, equipment, and renovation or construction of
22 physical facilities; provided that in any single fiscal year no more than thirty percent of the
23 moneys appropriated shall be used for the construction of physical facilities and further provided
24 that in any fiscal year up to eighty percent of the moneys shall be appropriated to build research
25 capacity at public and private not-for-profit institutions and [at least] **no less than** twenty percent
26 and no more than fifty percent of the moneys shall be appropriated for grants to public or private
27 not-for-profit institutions to promote life science technology transfer and technology
28 commercialization. Of the moneys appropriated to build research capacity, twenty percent of the
29 moneys shall be appropriated to promote the development of research of tobacco-related
30 illnesses.

196.1115. 1. The moneys appropriated to the life sciences research board that are not
2 distributed by the board in any fiscal year to a center for excellence or a center for excellence
3 endorsed program pursuant to section 196.1112, if any, shall be held in reserve by the board or
4 shall be awarded on the basis of peer review panel recommendations for capacity building
5 initiatives proposed by public and private not-for-profit academic, research, or health care
6 institutions or organizations, or individuals engaged in competitive research in targeted fields
7 consistent with the provisions of sections 196.1100 to 196.1130.

8 2. The life sciences research board may, in view of the limitations expressed in section
9 196.1130:

10 (1) Award and enter into grants or contracts relating to increasing Missouri's research
11 capacity at public or private not-for-profit institutions;

12 (2) Make provision for peer review panels to recommend and review research projects;

13 (3) Contract for support services;

14 (4) Lease or acquire facilities and equipment;

15 (5) Employ administrative staff; and
16 (6) Receive, retain, hold, invest, disburse or administer any moneys that it receives from
17 appropriations or from any other source.

18 3. [The Missouri technology corporation, established under section 348.251, shall serve
19 as the administrative agent for the life sciences research board.] **The administrative agent for
20 the life sciences research board shall be the Missouri technology corporation, established
21 under section 348.251.**

22 4. The life sciences research board shall utilize as much of the moneys as reasonably
23 possible for building capacity at public and private not-for-profit institutions to do research rather
24 than for administrative expenses. The board shall not in any fiscal year expend more than two
25 percent of the total moneys appropriated to it and of the moneys that it has in reserve or has
26 received from other sources for its own administrative expenses for appropriations [equal to or
27 greater] **not less** than twenty million dollars; three percent for appropriations less than twenty
28 million dollars but equal to or greater than fifteen million dollars; four percent for appropriations
29 less than fifteen million dollars but equal to or greater than ten million dollars; five percent for
30 appropriations less than ten million dollars; provided, however, that the general assembly by
31 appropriation from the life sciences research trust fund may authorize a limited amount of
32 additional moneys to be expended for administrative costs.

348.250. Sections 348.250 to 348.275 shall be known, and may be cited, as the
2 "Missouri Science and Innovation Reinvestment Act".

348.251. 1. As used in sections 348.251 to 348.266, the following terms mean:

2 (1) "Applicable percentage", six percent for the fiscal year beginning July 1, 2012, and
3 the next fourteen consecutive fiscal years; five percent for the immediately subsequent five fiscal
4 years; and four percent for the immediately subsequent five fiscal years;

5 (2) "Applied research", any activity that seeks to utilize, synthesize, or apply existing
6 knowledge, information, or resources to the resolution of a specific problem, question, or issue
7 of science and innovation, including but not limited to translational research;

8 (3) "Base year", fiscal year ending June 30, 2010;

9 (4) "Base year gross wages", gross wages paid by science and innovation companies to
10 science and innovation employees during fiscal year ending June 30, 2010;

11 (5) "Basic research", any original investigation for the advancement of scientific or
12 technical knowledge of science and innovation;

13 (6) "Commercialization", any of the full spectrum of activities required for a new
14 technology, product, or process to be developed from the basic research or conceptual stage
15 through applied research or development to the marketplace, including without limitation, the
16 steps leading up to and including licensing, sales, and service;

- 17 (7) "Corporation", the Missouri technology corporation, established under this section;
- 18 (8) "Fields of applicable expertise", any of the following fields: science and innovation
- 19 research, development, or commercialization, including basic research and applied research;
- 20 corporate finance, venture capital, and private equity related to science and innovation; the
- 21 business and management of science and innovation companies; education related to science and
- 22 innovation; or civic or corporate leadership in areas related to science and innovation;
- 23 (9) "Inherent conflict of interest", a fundamental or systematic conflict of interest that
- 24 prevents a person from serving as a disinterested director of the corporation and from routinely
- 25 performing his or her duties as a director of the corporation;
- 26 (10) "NAICS industry groups" or "NAICS codes", the North American Industry
- 27 Classification System developed under the auspices of the United States Office of Management
- 28 and Budget and adopted in 1997, as may be amended, revised, or replaced by similar
- 29 classification systems for similar uses from time to time;
- 30 (11) "Science and innovation", the use of compositions and methods in research,
- 31 development, and manufacturing processes for such diverse areas as agriculture-biotechnology,
- 32 animal health, biochemistry, bioinformatics, energy, environment, forestry, homeland security,
- 33 information technology, medical devices, medical diagnostics, medical instruments, medical
- 34 therapeutics, microbiology, nanotechnology, pharmaceuticals, plant biology, and veterinary
- 35 medicine, including future developments in such areas;
- 36 (12) "Science and innovation company", a corporation, limited liability company, S
- 37 corporation, partnership, registered limited liability partnership, foundation, association,
- 38 nonprofit entity, sole proprietorship, business trust, person, group, or other entity that is:
- 39 (a) Engaged in the research, development, commercialization, or business of science and
- 40 innovation in [the] **this** state, including, without limitation, research, development, or production
- 41 directed toward developing or providing science and innovation products, processes, or services
- 42 for specific commercial or public purposes, including hospitals, nonprofit research institutions,
- 43 incubators, accelerators, and universities currently located or involved in the research,
- 44 development, commercialization, or business of science and innovation in the state; or
- 45 (b) Identified by the following NAICS industry groups or NAICS codes or any amended
- 46 or successor code sections covering such areas of research, development, and commercial
- 47 endeavors: 3251; 3253; 3254; 3391; 51121; 54138; 54171; 62231; 111191; 111421; 111920;
- 48 111998; 311119; 311211; 311221; 311222; 311223; 325193; 325199; 325221; 325222; 325611;
- 49 325612; 325613; 325311; 325312; 325314; 325320; 325411; 325412; 325414; 333298; 334510;
- 50 334516; 334517; 339111; 339112; 339113; 339114; 339115; 339116; 424910; 541710; 621511;
- 51 and 621512. Each of the above listed four-digit and five-digit codes shall include all six-digit
- 52 codes in such four-digit and five-digit industry; however, each six-digit code shall stand alone

53 and not indicate the inclusion of other omitted six-digit codes that also are subsets of the
54 pertinent four-digit or five-digit industry to which the included six-digit code belongs;

55 (13) "Science and innovation employee", any employee, officer, or director of a science
56 and innovation company who is a state income taxpayer and any employee of a university who
57 is associated with or supports the research, development, commercialization, or business of
58 science and technology in the state and is obligated to pay state income tax to the state;

59 (14) "Technology application", the introduction and adaptation of refined management
60 practices in fields such as scheduling, inventory management, marketing, product development,
61 and training in order to improve the quality, productivity and profitability of an existing firm.
62 Technology application shall be considered a component of business modernization;

63 (15) "Technology development", strategically focused research directed at developing
64 investment-grade technologies which are important for market competitiveness.

65 2. The governor may, on behalf of the state and in accordance with chapter 355, establish
66 a private not-for-profit corporation named the "Missouri Technology Corporation", to carry out
67 the provisions of sections 348.251 to 348.266. As used in sections 348.250 to 348.275 the word
68 "corporation" means the Missouri technology corporation authorized by this section. Before
69 certification by the governor, the corporation shall conduct a public hearing for the purpose of
70 giving all interested parties an opportunity to review and comment on the articles of
71 incorporation, bylaws and methods of operation of the corporation. Notice of the hearing shall
72 be given at least fourteen days prior to the hearing.

348.256. 1. The articles of incorporation, bylaws, and methods of operation of the
2 [Missouri technology] corporation shall be consistent with the provisions of sections 348.250
3 to 348.275.

4 2. The purposes of the corporation are to contribute to the strengthening of the economy
5 of the state through the development of science and innovation, to promote the modernization
6 of Missouri businesses by supporting the transfer of science, technology and quality
7 improvement methods to the workplace; to enhance the productivity and modernization of
8 Missouri businesses by providing leadership in the establishment of methods of technology
9 application, technology commercialization and technology development; to make Missouri
10 businesses, institutions, and universities more competitive and increase their likelihood of
11 success; to support and enhance local and regional strategies and initiatives that capitalize on the
12 unique science and innovation assets across the state; to make Missouri a highly desirable state
13 in which to conduct, facilitate, support, fund, and perform science and innovation research,
14 development, and commercialization; to facilitate and effect the creation, attraction, retention,
15 growth, and enhancement of both existing and new science and innovation companies in the
16 state; to make Missouri a national and international leader in economic activity based on science

17 and innovation; to enhance workforce development; to create and retain quality jobs; to advance
18 scientific knowledge; and to improve the quality of life for the citizens of the state of Missouri
19 in both urban and rural communities.

20 3. The board of directors of the corporation shall be composed of fifteen persons. The
21 governor shall annually appoint one of its members, who must be from the private sector, as
22 chairperson. The board shall consist of the following members:

23 (1) The director of the department of economic development, or the director's designee;

24 (2) The president of the University of Missouri system, or the president's designee;

25 (3) A member of the state senate, appointed by the president pro tem of the senate;

26 (4) A member of the house of representatives, appointed by the speaker of the house;

27 (5) Eleven members appointed by the governor, with the advice and consent of the
28 senate, who are recognized for outstanding knowledge, leadership, and expertise in one or more
29 of the fields of applicable expertise. Each of the directors of the corporation who is appointed
30 by the governor shall serve for a term of four years and until a successor is duly appointed.

31 4. Any changes in the articles of incorporation or bylaws must be approved by the
32 governor.

33 5. At the discretion of the state auditor, the corporation is subject to an audit by the state
34 auditor and the corporation shall bear the full cost of the audit.

35 6. Each of the directors of the corporation provided for in subdivisions (1) and (2) of
36 subsection 3 of this section shall remain a director until the designating individual specified in
37 such subdivisions designates a replacement by sending a written communication to the governor
38 and the chairperson of the board of the corporation; provided, however, that if the director of
39 economic development or the president of the University of Missouri system designates himself
40 or herself to the corporation board, such person's service as a corporation director shall cease
41 immediately when that person no longer serves as the director of economic development or as
42 the president of the University of Missouri system. Each of the directors of the corporation
43 provided for in subdivisions (3) and (4) of subsection 3 of this section shall remain a director
44 until the appointing member of the general assembly specified in such subdivisions appoints a
45 replacement by sending a written communication to the governor and the chairperson of the
46 corporation board; provided, however, that if the speaker of the house or the president pro tem
47 of the senate appoints himself or herself to the corporation board, such person's service as a
48 corporation director shall cease immediately when that person no longer serves as the speaker
49 of the house or the president pro tem of the senate.

50 7. Each of the eleven members of the board appointed by the governor shall:

51 (1) Hold office for the term of appointment and until the governor duly appoints his or
52 her successor; provided that if a vacancy is created by the death, permanent disability,
53 resignation, or removal of a director, such vacancy shall become immediately effective;

54 (2) Be eligible for reappointment, but members of the board shall not be eligible to serve
55 more than two consecutive four-year terms and shall not be reappointed to the board until they
56 have not served on the board for a period of at least four interim years;

57 (3) Not have a known inherent conflict of interest at the time of appointment; and

58 (4) Not have served in an elected office or a cabinet position in state government for a
59 period of two years prior to appointment, unless otherwise provided in this section.

60 8. Any member of the board may be removed by affirmative vote of eleven members of
61 the board for malfeasance or misfeasance in office, regularly failing to attend meetings, failure
62 to comply with the corporation's conflicts of interest policy, conviction of a felony, or for any
63 cause that renders the member incapable of or unfit to discharge the duties of a director of the
64 corporation.

65 9. The board shall meet at least four times per year and at such other times as it deems
66 appropriate, or upon call by the president or the chairperson, or upon written request of a
67 majority of the directors of the board. Unless otherwise restricted by Missouri law, the directors
68 may participate in a meeting of the board by means of telephone conference or other electronic
69 communications equipment whereby all persons participating in the meeting can communicate
70 clearly with each other, and participation in a meeting in such manner will constitute presence
71 in person at such meeting.

72 10. A majority of the total voting membership of the board shall constitute a quorum for
73 meetings. The board may act by a majority of those at any meeting where a quorum is present,
74 except upon such issues as the board may determine shall require a vote of more members of the
75 board for approval or as required by law. All resolutions and orders of the board shall be
76 recorded and authenticated by the signature of the secretary or any assistant secretary of the
77 board.

78 11. Members of the board shall serve without compensation. Members of the board
79 attending meetings of the board, or attending committee or advisory meetings thereof, shall be
80 paid mileage and all other applicable expenses, provided that such expenses are reasonable,
81 consistent with policies established from time to time by the board, and not otherwise
82 inconsistent with law.

83 12. The board may adopt, repeal, and amend such articles of incorporation, bylaws, and
84 methods of operation that are not contrary to law or inconsistent with sections 348.250 to
85 348.275, as it deems expedient for its own governance and for the governance and management
86 of the corporation and its committees and advisory boards; provided that any changes in the

87 articles of incorporation or bylaws approved by the board must also be approved by the governor.

88 13. A president shall direct and supervise the administrative affairs and the general
89 management of the corporation. The president shall be a person of national prominence that has
90 expertise and credibility in one or more of the fields of applicable expertise with a demonstrated
91 track record of success in leading a mission-driven organization. The president's salary and other
92 terms and conditions of employment shall be set by the board. The board may negotiate and
93 enter into an employment agreement with the president of the corporation, which may provide
94 for compensation, allowances, benefits, and expenses. The president of the corporation shall not
95 be eligible to serve as a member of the board until two years after the end of his or her
96 employment with the corporation. The president of the corporation shall be bound by, and agree
97 to obey, the corporation's conflicts of interest policy, including annually completing and
98 submitting to the board a disclosure and compliance certificate in accordance with such conflicts
99 of interest policy.

100 14. The corporation may employ such employees as it may require and upon such terms
101 and conditions as it may establish that are consistent with state and federal law. The corporation
102 may establish personnel, payroll, benefit, and other such systems as authorized by the board, and
103 provide death and disability benefits. Corporation employees, including the president, shall be
104 considered state employees for the purposes of membership in the Missouri state employees'
105 retirement system and the Missouri consolidated health care plan. Compensation paid by the
106 corporation shall constitute pay from a department for purposes of accruing benefits under the
107 Missouri state employees' retirement system. The corporation may also adopt, in accordance
108 with requirements of the federal Internal Revenue Code of 1986, as amended, a defined
109 contribution plan sponsored by the corporation with respect to employees, including the
110 president, employed by the corporation. Nothing in sections 348.250 to 348.275 shall be
111 construed as placing any officer or employee of the corporation or member of the board in the
112 classified or the unclassified service of the state of Missouri under Missouri laws and regulations
113 governing civil service. No employee of the corporation shall be eligible to serve as a member
114 of the board until two years immediately following the end of his or her employment with the
115 corporation. All employees of the corporation shall be bound by, and agree to obey, the
116 corporation's conflicts of interest policy, including annually completing and submitting to the
117 board a disclosure and compliance certificate in accordance with such conflicts of interest policy.

118 15. No later than the first day of January each year, the corporation shall submit an
119 annual report to the governor and to the Missouri general assembly which the corporation may
120 contract with a third party to prepare and which shall include:

121 (1) A complete and detailed description of the operating and financial conditions of the
122 corporation during the prior fiscal year;

123 (2) Complete and detailed information about the distributions from the Missouri science
124 and innovation reinvestment fund and from any income of the corporation;

125 (3) Information about the growth of science and innovation research and industry in the
126 state;

127 (4) Information regarding financial or performance audits performed in such year,
128 including any recommendations with reference to additional legislation or other action that may
129 be necessary to carry out the purposes of the corporation; and

130 (5) Whether or not the corporation made any distribution during the prior fiscal year to
131 a research project or other project for which a report shall be filed under subsection 4 of section
132 38(d) of article III of the Constitution of the State of Missouri. If such a distribution was made,
133 the corporation shall disclose in the annual report the amount of the distribution, the recipient
134 of the distribution, and the project description.

135 16. The corporation shall keep its books and records in accordance with generally
136 accepted accounting procedures. Within four months following the end of each fiscal year, the
137 corporation shall cause a firm of independent certified public accountants of national repute to
138 conduct and deliver to the board an audit of the financial statements of the corporation and an
139 opinion thereon, to be conducted in accordance with generally accepted audit standards,
140 provided, however, that this section shall be inapplicable if the board of directors of the
141 corporation determines that insufficient funds have been appropriated to pay for the costs of
142 compliance with these requirements.

143 17. Within four months following the end of every odd numbered fiscal year, beginning
144 with fiscal year 2016, the corporation shall cause an independent firm of national repute that has
145 expertise in science and innovation research and industry to conduct and deliver to the board an
146 evaluation of the performance of the corporation for the prior two fiscal years, including detailed
147 recommendations for improving the performance of the corporation, provided, however, that this
148 section shall be inapplicable if the board of directors of the corporation determines that
149 insufficient funds have been appropriated to pay for the costs of compliance with these
150 requirements.

151 18. The corporation shall provide the state auditor a copy of the financial and
152 performance evaluations prepared under subsections 16 and 17 of this section.

153 19. The corporation shall have perpetual existence until an act of law expressly dissolves
154 the corporation; provided that no such law shall take effect so long as the corporation has
155 obligations or bonds outstanding unless adequate provision has been made for the payment or
156 retirement of such debts or obligations. Upon any such dissolution of the corporation, all
157 property, funds, and assets thereof shall be vested in the state.

20. Except as provided under section 348.266, the state hereby pledges to, and agrees with, recipients of corporation funding or beneficiaries of corporation programs under sections 348.250 to 348.275 that the state shall not limit or alter the rights vested in the corporation under sections 348.250 to 348.275 to fulfill the terms of any agreements made or obligations incurred by the corporation with or to such third parties, or in any way impair the rights and remedies of such third parties until the obligations of the corporation and the state are fully met and discharged in accordance with sections 348.250 to 348.275.

21. The corporation shall be exempt from:

(1) Any general ad valorem taxes upon any property of the corporation acquired and used for its public purposes;

(2) Any taxes or assessments upon any projects or upon any operations of the corporation or the income therefrom;

(3) Any taxes or assessments upon any project or any property or local obligation acquired or used by the corporation under the provisions of sections 348.250 to 348.275, or upon income therefrom. Purchases by the corporation to be used for its public purposes shall not be subject to sales or use tax under chapter 144. The exemptions hereby granted shall not extend to persons or entities conducting business on the corporation's property for which payment of state and local taxes would otherwise be required.

22. No funds of the corporation shall be distributed to its employees or members of the board; except that, the corporation may make reasonable payments for expenses incurred on its behalf relating to any of its lawful purposes and the corporation shall be authorized and empowered to pay reasonable compensation for services rendered to, or for, its benefit relating to any of its lawful purposes, including to pay its employees reasonable compensation.

23. The corporation shall adopt and maintain a conflicts of interest policy to protect the corporation's interests by requiring disclosure by an interested party, appropriate recusal by such person, and appropriate action by the interested party or the board where a conflict of interest may exist or arise between the corporation and a director, officer, employee, or agent of the corporation.

348.257. 1. The board shall establish an executive committee of the corporation, to be composed of the chairperson, the vice chairperson, and the secretary of the corporation, and two additional directors. The chairperson of the corporation shall serve as the chairperson of the executive committee.

2. The executive committee, in intervals between meetings of the board, may transact any business of the board that has been expressly delegated to the executive committee by the board. If so stipulated by the board, action delegated to the executive committee may be subject to subsequent ratification by the board; provided, however, that until ratified or rejected by the

9 board, any action delegated to, and taken by, the executive committee between meetings of the
10 board will be binding upon the corporation as if ratified, and may be relied upon by third parties.

11 3. The board shall establish an audit committee of the corporation, to be composed of
12 the chairperson of the corporation and four additional directors. The secretary of the corporation
13 shall serve as the chairperson of the audit committee. The audit committee shall be responsible
14 for oversight of the administration of the conflicts of interest policy, working with the president
15 of the corporation to facilitate communications with the corporation's contract auditors, and such
16 other responsibilities delegated to it by the board.

17 4. The board shall establish and maintain a research alliance of Missouri to be comprised
18 of the chief research officers[, or their designee,] of the state's leading research universities, **or**
19 **their designee**, and a representative of other leading not-for-profit research institutes
20 headquartered in Missouri. Members of the research alliance of Missouri shall be selected for
21 such terms of membership under such terms and conditions as the board deems necessary and
22 appropriate to advance the purposes of sections 348.250 to 348.275 and as comparable to other
23 similar public sector bodies. The research alliance of Missouri shall elect a chairperson on an
24 annual basis. The research alliance of Missouri shall prepare annual reports at the direction of
25 the corporation that:

26 (1) Evaluate the specific areas of Missouri's research strengths and weaknesses and
27 outline current research priorities of the state;

28 (2) Evaluate the ability of each member to realign their research and development
29 resources, policies, and practices to seize emerging opportunities;

30 (3) Evaluate and summarize the best national and international practices for technology
31 commercialization of university research and describe efforts that each university member has
32 undertaken to implement best practices, including a description of the specific outcomes
33 university members have achieved in technology commercialization; and

34 (4) Describe research collaborations by and between members and identify collaboration
35 best practices that can or should be instituted in Missouri.

36 5. The board may establish other committees, both permanent and temporary, as it deems
37 necessary. Such committees may include national strategic, scientific and/or commercialization
38 advisory boards comprised of individuals of national or international prominence in science and
39 innovation and/or the business and commercialization of science and innovation.

40 6. The board may establish rules, policies, and procedures for the selection and conduct
41 of committees and advisory boards, and the research alliance of Missouri; provided, however,
42 that the members of such committees and advisory boards agree to be bound by a conflict of
43 interest policy consistent with the highest ethical standards that is suitable for such advisory roles

44 and annually complete and certify to the board a disclosure and compliance certificate in
45 accordance with such conflicts of interest policy.

348.261. 1. The corporation shall have all of the powers necessary or convenient to carry
2 out the purposes and provisions of sections 348.250 to 348.275, including the powers as
3 specified therein, and without limitation, the power to:

4 (1) Establish a statewide business modernization network to assist Missouri businesses
5 in identifying ways to enhance productivity and market competitiveness;

6 (2) Identify scientific and technological problems and opportunities related to the
7 economy of Missouri and formulate proposals to overcome those problems or realize those
8 opportunities;

9 (3) Identify specific areas where scientific research and technological investigation will
10 contribute to the improvement of productivity of Missouri manufacturers and farmers;

11 (4) Determine specific areas in which financial investment in scientific and technological
12 research and development from private businesses located in Missouri could be enhanced or
13 increased if state resources were made available to assist in financing activities;

14 (5) Assist in establishing cooperative associations of universities in Missouri and of
15 private enterprises for the purpose of coordinating research and development programs that will,
16 consistent with the primary educational function of the universities, aid in the creation of new
17 jobs in Missouri;

18 (6) Assist in financing the establishment and continued development of
19 technology-intensive businesses in Missouri;

20 (7) Advise universities of the research needs of Missouri business and improve the
21 exchange of scientific and technological information for the mutual benefit of universities and
22 private business;

23 (8) Coordinate programs established by universities to provide Missouri businesses with
24 scientific and technological information;

25 (9) Establish programs in scientific education which will support the accelerated
26 development of technology-intensive businesses in Missouri;

27 (10) Provide financial assistance through contracts, grants and loans to programs of
28 scientific and technological research and development;

29 (11) Determine how public universities can increase income derived from the sale or
30 licensure of products or processes having commercial value that are developed as a result of
31 university sponsored research programs;

32 (12) Contract with innovation centers, as established in section 348.271, small business
33 development corporations, as established in sections 620.1000 to 620.1007, centers for advanced
34 technology, as established in section 348.272, and other entities or organizations for the

35 provision of technology application, technology commercialization and technology development
36 services;

37 (13) Make direct seed capital or venture capital investments in Missouri business
38 investment funds or businesses [that] **which** demonstrate the promise of growth and job creation.
39 Investments from the corporation may be in the form of debt or equity in the respective
40 businesses;

41 (14) Make and execute contracts, guarantees, or any other instruments and agreements
42 necessary or convenient for the exercise of its powers and functions;

43 (15) Contract for and to accept any gifts, grants, and loans of funds, property, or any
44 other aid in any form from the federal government, the state, any state agency, or any other
45 source, or any combination thereof, and to comply with the provisions of the terms and
46 conditions thereof;

47 (16) Procure such insurance, participate in such insurance plans, or provide such self
48 insurance or both as it deems necessary or convenient; provided, however, the purchase of
49 insurance, participation in an insurance plan, or creation of a self-insurance fund by the
50 corporation shall not be deemed as a waiver or relinquishment of any sovereign immunity to
51 which the corporation or its officers, directors, employees, or agents are otherwise entitled;

52 (17) Partner with universities or other research institutions in Missouri to attract and
53 recruit world-class science and innovation talent to Missouri;

54 (18) Expend any and all funds from the Missouri science and innovation reinvestment
55 fund and all other assets and resources of the corporation for the exclusive purpose of fulfilling
56 any purpose, power, or duty of the corporation under sections 348.250 to 348.275, including but
57 not limited to implementing the powers, purposes, and duties of the corporation as enumerated
58 in this section;

59 (19) Participate in joint ventures and collaborate with any taxpayer, governmental body
60 or agency, insurer, university, or college of the state, or any other entity to facilitate any activities
61 or programs consistent with the purpose and intent of sections 348.250 to 348.275; and

62 (20) In carrying out any activities authorized by sections 348.250 to 348.275, the
63 corporation provides appropriate assistance, including the making of investments, grants, and
64 loans, and providing time of employees, to any taxpayer, governmental body, or agency, insurer,
65 university, or college of the state, or any other entity, whether or not any such taxpayer,
66 governmental body or agency, insurer, university, or college of the state, or any other entity, is
67 owned or controlled in whole or in part, directly or indirectly, by the corporation.

68 2. The corporation shall endeavor to maximize the amount of leveraging of nonstate
69 resources, including public and private, cash and in-kind, attained with its investments, grants,
70 loans, or other forms of support. In the case of investments, grants, loans, or other forms of

71 support that emphasize or are specifically intended to impact a particular Missouri county,
72 municipality, or other geographic subdivision of the state, or are otherwise local in nature, the
73 corporation shall give consideration and weight to local matching funds and other matching
74 resources, public and private.

75 3. Except as expressly provided in sections 348.250 to 348.275, all moneys earned or
76 received by the corporation, including all funds derived from the commercialization of science
77 and innovation products, methods, services, and technology by the corporation, or any affiliate
78 or subsidiary thereof, or from the Missouri science and innovation reinvestment fund, shall
79 belong exclusively to and be subject to the exclusive control of the corporation.

80 4. The corporation shall have all the powers of a not-for-profit corporation established
81 under Missouri law.

82 5. The corporation shall assume all moneys, property, or other assets remaining with the
83 Missouri seed capital investment board, established in section 620.641. All powers, duties, and
84 functions performed by the Missouri seed capital investment board shall be transferred to the
85 Missouri technology corporation.

86 6. The corporation shall not be subject to the provisions of chapter 34.

87 7. At least ten days prior to releasing funds to a recipient of financial assistance pursuant
88 to the powers established in this section, the corporation shall submit to the president pro tem
89 of the senate and the speaker of the house of representatives the name of the recipient of such
90 assistance, and post such information on the corporation's website.

348.262. In order to assist the corporation in achieving the objectives identified in
2 section 348.261, the department of economic development may contract with the corporation for
3 activities consistent with the corporation's purpose, as [specified in] **provided under** sections
4 348.250 to 348.275. When contracting with the corporation under the provisions of this section,
5 the department of economic development may directly enter into agreements with the
6 corporation and shall not be bound by the provisions of chapter 34.

348.263. 1. Except as otherwise provided [in] **under** sections 348.250 to 348.275, the
2 corporation shall be subject to requirements applicable to governmental bodies and records
3 contained in sections 610.010 to 610.225.

4 2. In addition to the exceptions available under sections 610.010 to 610.225, the records
5 of the corporation shall not be subject to the provisions of sections 610.010 to 610.225, when,
6 upon determination by the corporation, the disclosure of the information in [the] **such** records
7 would be harmful to the competitive position of the corporation and such records contain:

8 (1) Proprietary information gathered by, or in the possession of, the corporation from
9 third parties pursuant to a promise of confidentiality;

10 (2) Contract cost estimates prepared for confidential use in awarding contracts for
11 research, development, construction, renovation, commercialization, or the purchase of goods
12 or services;

13 (3) Data, records, or information of a proprietary nature produced or collected by, or for,
14 the corporation, its employees, officers, or members of its board;

15 (4) Third-party financial statements, records, and related data not publicly available that
16 may be shared with the corporation;

17 (5) Consulting or other reports paid for by the corporation to assist the corporation in
18 connection with its strategic planning and goals; or

19 (6) The determination of marketing and operational strategies where disclosure of such
20 strategies would be harmful to the competitive position of the corporation.

21 3. In addition to the exceptions available under sections 610.010 to 610.225, the
22 corporation, including the board, executive committee, audit committee, and research alliance
23 of Missouri, or other such committees or boards that the corporation may authorize from time
24 to time, may discuss, consider, and take action on any of the following in closed session, when
25 upon determination by the corporation, including as appropriate the board, executive committee,
26 audit committee, and research alliance of Missouri, or other such committees or boards that the
27 corporation may authorize from time to time, disclosure of such items would be harmful to the
28 competitive position of the corporation:

29 (1) Plans that could affect the value of property, real or personal, owned, or desirable for
30 ownership by the corporation;

31 (2) The condition, acquisition, use, or disposition of real or personal property; or

32 (3) Contracts for applied research; basic research; science and innovation product
33 development, manufacturing, or commercialization; construction and renovation of science and
34 innovation facilities; or marketing or operational strategies.

348.264. There is hereby established in the state treasury a special fund to be known as
2 the "Missouri Science and Innovation Reinvestment Fund", previously established as the
3 Missouri technology investment fund in this section, which shall consist of all moneys which
4 may be appropriated to it by the general assembly based on the applicable percentage of the
5 amount by which science and innovation employees' gross wages for the year exceeds the base
6 year gross wages [pursuant to] **under** section 348.265, other funds appropriated to it by the
7 general assembly, and also any gifts, contributions, grants or bequests received from federal,
8 private or other sources. Money in the Missouri science and innovation reinvestment fund shall
9 be used to carry out the provisions of sections 348.250 to 348.275. Moneys for business
10 modernization programs, technology application programs, technology commercialization
11 programs and technology development programs established pursuant to the provisions of

12 sections 348.250 to 348.275 shall be available from appropriations made by the general assembly
13 from the Missouri science and innovation reinvestment fund. Any moneys remaining in the
14 Missouri science and innovation reinvestment fund at the end of any fiscal year shall not lapse
15 to the general revenue fund, as provided in section 33.080, but shall remain in the Missouri
16 science and innovation reinvestment fund.

348.265. 1. As soon as practicable after February 3, 2012, the director of the department
2 of economic development, with the assistance of the director of the department of revenue, shall
3 establish the base year gross wages and report the amount of the base year gross wages to the
4 president and board of the corporation, the governor, and the general assembly. Within one
5 hundred eighty days after the end of each fiscal year beginning with the fiscal year ending June
6 30, 2011, and for each subsequent fiscal year prior to the end of the last funding year, the director
7 of economic development, with the assistance of the director of the department of revenue, shall
8 determine and report to the president and board of the corporation, governor, and general
9 assembly the amount by which aggregate science and innovation employees' gross wages for the
10 fiscal year exceeds the base year gross wages. The director of economic development and the
11 director of the department of revenue may consider any verifiable evidence, including but not
12 limited to the NAICS codes assigned or recorded by the United States Department of Labor for
13 companies with employees in the state, when determining which organizations should be
14 classified as science and innovation companies.

15 2. Notwithstanding **provisions of** section 23.250 to the contrary, for each of the
16 twenty-five funding years, beginning July 1, 2012, subject to appropriation, the director of
17 revenue shall transfer to the Missouri science and innovation reinvestment fund an amount not
18 to exceed an amount equal to the product of the applicable percentage multiplied by an amount
19 equal to the increase in aggregate science and innovation employees' gross wages for the prior
20 fiscal year, over the base year gross wages. The director of revenue may make estimated
21 payments to the Missouri science and innovation reinvestment fund more frequently based on
22 estimates provided by the director of revenue and reconciled annually.

23 3. Local political subdivisions may contribute to the Missouri science and innovation
24 reinvestment fund through a grant, contract, or loan by dedicating a portion of any sales tax or
25 property tax increase resulting from increases in science and innovation company economic
26 activity occurring after February 3, 2012, or other such taxes or fees as such local political
27 subdivisions may establish.

28 4. Funding generated by the provisions of this section shall be expended by the
29 corporation to further its purposes as specified in section 348.256.

30 5. Upon enactment of this section, the corporation shall prepare a strategic plan for the
31 use of the funding to be generated by the provisions of this section, and may consult with science

32 and innovation partners, including but not limited to the research alliance of Missouri, as
33 established in section 348.257; the life sciences research board established in section 196.1103;
34 and the innovation centers or centers for advanced technology, as established in section 348.272.
35 The corporation shall make a draft strategic plan available for public comment prior to
36 publication of the final strategic plan.

348.269. 1. Nothing contained in sections 348.250 to 348.275 shall be construed as a
2 restriction or limitation upon any powers that the corporation might otherwise have under chapter
3 355, and the provisions of sections 348.250 to 348.275 [are] **shall be** cumulative to such powers.

4 2. Nothing in sections 348.250 to 348.275 shall be construed as allowing the board to
5 sell the corporation or substantially all of the assets of the corporation, or to merge the
6 corporation with another institution, without prior authorization by the general assembly.

7 3. Notwithstanding the provisions of section 23.253 to the contrary, the provisions of
8 sections 348.250 to 348.275 shall not sunset.

9 4. The provisions of sections 348.250 to 348.275 shall not terminate before the
10 satisfaction of all outstanding obligations, notes, and bonds provided for under sections 348.250
11 to 348.275.

12 5. If any provision of this act or the application thereof is held invalid, the invalidity shall
13 not affect other provisions or applications of the act that can be given effect without the invalid
14 provision or application, and to this end the provisions of this act are severable. Insofar as the
15 provisions of sections 348.250 to 348.275 are inconsistent with the provisions of any other law,
16 general, specific or local, the provisions of sections 348.250 to 348.275 shall be controlling.

348.271. 1. In order to foster the growth of Missouri's economy and to stimulate the
2 creation of new jobs in science and innovation-based industry for the state's work force, the
3 Missouri technology corporation, in accordance with the provisions of this section and within
4 the limits of appropriations therefor, is authorized to contract with Missouri not-for-profit
5 corporations for the operation of innovation centers within the state. The primary emphasis of
6 some, if not of all, innovation centers, shall be in the areas of science and innovation-based
7 business ventures. Such assistance may include the provision of facilities, equipment,
8 administrative and managerial support, planning assistance, and such other services and
9 programs that enhance the development of such ventures and such assistance may be provided
10 for fees or other consideration.

11 2. The innovation centers operated under this section shall counsel and assist the new
12 science and innovation-based business ventures in finding a suitable site in the state of Missouri
13 for location of the business upon its graduation from the innovation program. Each innovation
14 center shall annually submit a report of its activities to the department of economic development
15 and the Missouri technology corporation which shall include, but not be limited to, the success

16 rate of the businesses graduating from the center, the progress and locations of businesses which
17 have graduated from the center, the types of businesses which have graduated from the center,
18 and the number of jobs created by the businesses involved in the center.

19 3. Any contract signed between the corporation and any not-for-profit organization to
20 operate an innovation center in accordance with the provisions of this section shall require that
21 the not-for-profit organization [must] provide at least a one hundred percent match for the
22 funding received from the corporation pursuant to appropriation therefor.

348.300. As used in sections 348.300 to 348.318, the following terms mean:

2 (1) "Commercial activity located in Missouri", any research, development, prototype
3 fabrication, and subsequent precommercialization activity, or any activity related thereto,
4 conducted in Missouri for the purpose of producing a service or a product or process for
5 manufacture, assembly or sale or developing a service based on such a product or process by any
6 person, corporation, partnership, joint venture, unincorporated association, trust or other
7 organization doing business in Missouri. Subsequent to January 1, 1999, a commercial activity
8 located in Missouri shall mean only such activity that is located within a distressed community,
9 as defined in section 135.530;

10 (2) "Follow-up capital", capital provided to a commercial activity located in Missouri
11 in which a qualified fund has previously invested seed capital or start-up capital and which does
12 not exceed ten times the amount of such seed and start-up capital;

13 (3) "Person", any individual, corporation, partnership, or other entity, including any
14 charitable corporation which is exempt from federal income tax and whose Missouri unrelated
15 business taxable income, if any, would be subject to the state income tax imposed under chapter
16 143;

17 (4) "Qualified contribution", cash contribution to a qualified fund;

18 (5) "Qualified economic development organization", any corporation organized under
19 the provisions of chapter 355 which has as of January 1, 1991, obtained a contract with the
20 department of economic development to operate an innovation center to promote, assist and
21 coordinate the research and development of new services, products or processes in the state of
22 Missouri; and the Missouri technology corporation organized [pursuant to] **under** the provisions
23 of sections 348.250 to 348.275;

24 (6) "Qualified fund", any corporation, partnership, joint venture, unincorporated
25 association, trust or other organization which is established under the laws of Missouri after
26 December 31, 1985, which meets all of the following requirements established by this
27 subdivision. The fund shall have as its sole purpose and business the making of investments, of
28 which at least ninety percent of the dollars invested shall be qualified investments. The fund
29 shall enter into a contract with one or more qualified economic development organizations which

30 shall entitle the qualified economic development organizations to receive not less than ten
31 percent of all distributions of equity and dividends or other earnings of the fund. Such contracts
32 shall require the qualified fund to transfer to the Missouri technology corporation organized
33 [pursuant to] **under** the provisions of sections 348.250 to 348.275 this interest and make
34 corresponding distributions thereto in the event the qualified economic development organization
35 holding such interest is dissolved or ceases to do business for a period of one year or more;

36 (7) "Qualified investment", any investment of seed capital, start-up capital, or follow-up
37 capital in any commercial activity located in Missouri;

38 (8) "Seed capital", capital provided to a commercial activity located in Missouri for
39 research, development and precommercialization activities to prove a concept for a new product
40 or process or service, and for activities related thereto;

41 (9) "Start-up capital", capital provided to a commercial activity located in Missouri for
42 use in preproduction product development or service development or initial marketing thereof,
43 and for activities related thereto;

44 (10) "State tax liability", any state tax liability incurred by a taxpayer under the
45 provisions of chapters 143, 147 and 148, exclusive of the provisions relating to the withholding
46 of tax as provided for [in] **under** sections 143.191 to 143.265 and related provisions;

47 (11) "Uninvested capital", the amount of any distribution, other than of earnings, by a
48 qualified fund made within five years of the issuance of a certificate of tax credit as provided
49 [by] **under** sections 348.300 to 348.318; or the portion of all qualified contributions to a
50 qualified fund which are not invested as qualified investments within five years of the issuance
51 of a certificate of tax credit as provided by sections 348.300 to 348.318 to the extent that the
52 amount not so invested exceeds ten percent of all such qualified contributions.

2 [348.253. 1. The Missouri technology corporation may contract with
3 not-for-profit organizations to carry out the provisions of sections 348.251 to
4 348.275. By entering into such contracts, the corporation shall attempt to achieve
5 the following objectives:

6 (1) The establishment of a research alliance which shall advance
7 technology development, as defined in subdivision (3) of section 348.251. The
8 corporation, in this capacity, shall have the authority to contract directly with
9 centers for advanced technology, as established by section 348.272, and other
10 not-for-profit entities. In proceeding with this objective, the corporation and
11 centers for advanced technology shall utilize the results of targeted industry
12 studies commissioned by the department of economic development;

13 (2) Technology commercialization, as defined in subdivision (2) of
14 section 348.251;

15 (3) The establishment of a finance corporation to assist in the
implementation of section 348.261; and

16 (4) The enhancement of technology application, as defined in subdivision
17 (1) of section 348.251.

18 2. Any contract signed between the corporation and any not-for-profit
19 organization, including innovation centers as defined in section 348.271, shall
20 require that the not-for-profit organization must provide at least
21 one-hundred-percent match for any funding received from the corporation
22 through the technology investment fund, as established in section 348.264.]
23

2 [348.280. This act relating to science and innovation shall not become
3 effective except upon the passage and approval by signature of the governor only
4 of senate bill no. 8 relating to taxation and enacted during the first extraordinary
session of first regular session of the ninety-sixth general assembly.]

Section B. Because immediate action is necessary to attract science and innovation
2 companies to our state to create high-paying jobs, this act is deemed necessary for the immediate
3 preservation of the public health, welfare, peace, and safety, and is hereby declared to be an
4 emergency act within the meaning of the constitution, and this act shall be in full force and effect
5 upon its passage and approval.

✓